The Financial Times of Indiana

House Bill 1004news from the Office of Governor Frank O'Bannon

Friday, March 1, 2002

www.IN.gov/gov

The News in brief...

More Progress with Taxes; No Budget Fix Yet

The Indiana Senate yesterday approved House Bill 1004, returning the bill to the House of Representatives where it will be heard in conference committee.

The bill has been dramatically altered since being approved by the House of Representatives early last month. It now includes a more expansive restructuring of the state's tax system than in the House version of the bill. Versions of the bill passed by the House and Senate incorporated important elements contained in the 21st Century Tax Plan announced by Governor O'Bannon and Lieutenant Governor Kernan last October. Both seek to protect Hoosier homeowners from court-ordered reassessment, which will cause homeowners' property tax bills to increase by an average of 33 percent without mitigation and legislative action.

Governor O'Bannon remains disappointed that the Senate version of HB 1004 does not adequately include provisions to balance the budget, but he looks forward to further negotiations on the details of the bill as it continues through the process.

The Governor has three primary priorities this session: protecting Indiana schools and other essential services by balancing the budget, AND protecting homeowners by cutting property taxes AND creating jobs by restructuring business taxes.

The Governor said it best by emphasizing how imperative it is that the legislators address our budget problems too. "…restructuring the tax system alone will be a hollow exercise if we must cut so deeply into education and other state services that we make Indiana an unattractive place to live and work."

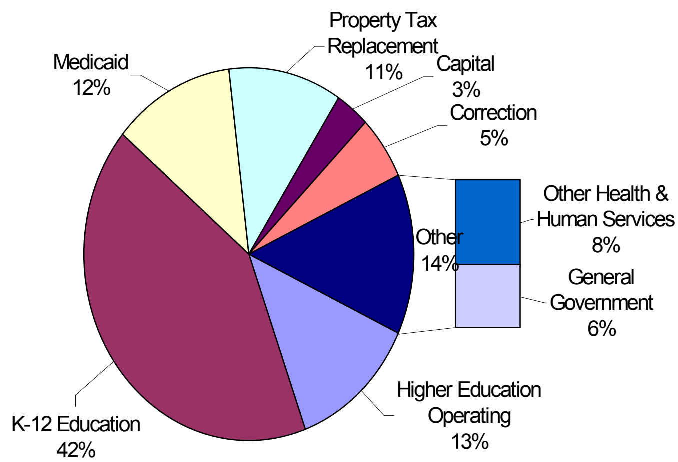
These plans must balance the cut in homeowners' property taxes with support for education, public safety, and senior citizens.

What People Are Saying

"…the Governor recognized that work must begin early to address Indiana's financial crisis: a $1.3 billion deficit created by economic recession and court-ordered changes in the way the state assesses property – changes that are expected to mean steep increases in homeowners property tax bills…neither side is eager to raise taxes, but the prospect of ending the session without ensuring adequate revenues and without a sound tax restructuring plan should be all any legislator needs to make that tough vote." *--Ft. Wayne Journal Gazette Editorial, Feb. 10, 2002*

Where Hoosier Tax Money Goes

(2001-2003 budget cycle)



Source: State Budget Agency

What's Next for House Bill 1004?

House Bill 1004 returns to the House of Representatives where its author has said he will dissent on the changes. That action will cause the bill to be assigned to a conference committee.

Conference committees consist of four conferees: two representatives and two senators, most likely including the author and sponsors of the disputed bill. Other lawmakers, serving as advisors, may also participate on the committee.

Changes may be offered only by the four conferees.

Conference committees hold public meetings, but conferees are required to give only one-hour notice for Senate bills and two-hour notice for House bills, which can make it difficult for interested parties to monitor the meetings.

Following discussion and debate, all four conferees must agree to amend the bill before it can be voted on by the full House and Senate in its new form.

If any conferee disagrees with the form of the bill and refuses to sign the committee report, the bill dies. Even with all four signatures, the bill can die if the full House or Senate does not approve it in its new form.

Contact Your Legislator About Tax Restructuring and the Budget:

Senate: 1-800-382-9467 House: 1-800-382-9841

Conference Committees will be March 4 – March 14

The Last Day for Session is Thursday, March 14

Did You Know? The National Conference of State Legislatures reports that most states in the nation are facing a budget crisis. For instance, **45 states**, plus Washington, D.C. reported their revenues falling short of levels needed to maintain balanced budgets for Fiscal Year 2002, with **37 states** and D.C. projected to have continued deficits in Fiscal Year 2003. *(NCSL, January 2002 Update)*

For more information, contact Cheryl Reed or John Zody at 317-232-1012